(b) if so, whether due to wrong calculation by tax authorities Government have suffered revenue loss of several crores;

(c) if so, the details thereof; and

(d) the responsibility fixed by Government in this regard and the steps taken to recover the amount due to wrong calculation from foreign airlines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Yes Sir, the CAG in para 3.1.9(c) of it's report no. 12 of 1999 has raised objection that deductions u/s 80 HHC of the Income Tax Act were wrongly allowed, while processing the returns u/s 143(1)(a) of the Income Tax Act, 1961, in the case of M/s Indian Oil Corporation Ltd. and M/s Bharat Petroleum Corporation Ltd. for the financial year 1994-95 (assessment year 1995-96) resulting in short levy of tax of Rupees 12425.3 lakhs;

(b) and (c) No Sir, there has been no wrong calculation and accordingly no revenue loss. In both cases, *viz.*; M/s Indian Oil Corporation Ltd. (assessment year 1995-96) & M/s Bharat Petroleum Corporation Ltd. (assessment year 1995-96), the returns were processed u/s 143(1)(a) of the Income Tax Act wherein no disallowances (like the one pointed out by CAG in these cases) could be made by the assessing officer with regard to any debatable issue. The section 143(1)(a) has no scope of scrutinizing the income tax return filed by the assessee and it allows adjustments only of *prima facie* nature. At the time of finalisation of scrutiny assessments u/s 143(3) of the Income Tax Act 1961 the necessary disallowances were made by the assessing officer in both the cases and taxes have been collected. No excess allowances were allowed to the assessee.

(d) Does not arise.

Municipal taxes on Central Government properties in States

5421. SHRI R. S. GAVAI: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government have received suggestions from State Government for amendment in Central Government Legislation which provides for waiver of Municipal taxes on Central Government properties located in the States;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) to (c) There is no Central Legislation which provides for waver of Municipal Taxes on Central Government properties located in the States. However, Article 285(1) of the Constitution provides that the property of the Union shall, save in so far as Parliament may by law otherwise provide, be exempt from all taxes imposed by a State or by any authority within a State. Such properties are, however, subject to payment of service charges to the local bodies for the services availed. There is no proposal under consideration of the Union Government for amending Article 285(1) of the Constitution.

Violation of FERA

5422. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate has arrested some persons for FERA violations in connection with the match fixing scandal;

(b) if so, the details of persons arrested and the total amount likely to be involved in such violations; and

(c) the steps taken by Government to check such FERA violations and Hawala transactions in such match fixing scandals?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Yes, Sir.

(b) S/Shri Rajesh Kalra and Kishan Kumar have been arrested. As the investigation is at an initial stage, the amount involved cannot be quantified.

(c) The Enforcement Directorate takes action as is provided under the provisions of Foreign Exchange Regulation Act, 1973, against those whose complicity is established after conclusion of the investigations.

Inspections of Peerless General Finance and Investment Company Ltd.

5423. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has laid down any regulatory framework to monitor the functioning of the Residuary Non-Banking financial institutions having access to public deposits;